

Citation #1

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What D.C. doesn't need: A Trump Tower

BYLINE: Steven Pearlstein

SECTION: ; Pg. G01

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They are two of Washington's architectural and historical gems: The Old Post Office Pavilion on Pennsylvania Avenue and the Smithsonian Arts and Industries Building on the Mall. The good news is that both are slated for renovation and what the bureaucrats like to call "re-purposing." The bad news is that, in both cases, the process is headed in the wrong direction.

Let's start today with the Old Post Office and the General Services Administration's curious selection of Donald Trump and Colony Capital to develop it into a luxury hotel.

I say curious not because of any concerns about the hotel concept, or even out of concern for what might be called the "Trump aesthetic," the over-the-top sensibility that tends toward the big, the fancy and the gaudy. My guess is that by the time the historic-preservation police are finished with their painstaking reviews and requirements, any traces of an architectural comb-over will have been thoroughly expunged from the plans, along with any profit from the five-year pro forma.

No, the curious thing is why the GSA would choose to pass over established, deep-pocketed hoteliers such as Marriott, Hyatt and Hilton in order to choose a lead developer who has spent so much time in U.S. Bankruptcy Court that he qualifies for elite frequent-flier status.

Trump's first trip through bankruptcy reorganization was in 1991, during one of the real estate industry's periodic downturns, when he couldn't make the interest payments on the mountains of high-yield junk bonds he had issued to build the \$1 billion Taj Mahal hotel and casino in Atlantic City. A year later, he was back in court with a prepackaged bankruptcy of the neighboring Trump Plaza Hotel and Casino, and then another for New York's famed Plaza Hotel. It took several more years before Trump was finally able to restructure all of his debt, forcing him to give up his entire stake in the New York Plaza, along with the Trump Shuttle (remember that?) and a huge swath of land on the West Side of Manhattan that he had proposed for development.

In fall 2004, following yet another real estate downturn, Trump returned to bankruptcy court, this time seeking protection from creditors for his Trump Hotels and Casino Resorts. Although the Trump name survived the restructuring, Trump was forced to give up his management role and majority ownership stake. Four years later, the same

company was back in bankruptcy again, but not before rejecting Trump's offer to buy the company back.

It's not clear how much weight the GSA's review process gives to the "financial reliability" of the lead developer, but apparently it's not much. But the GSA apparently gave great weight to the fact that Trump was willing to invest more money in the renovation of the Old Post Office (\$200 million) and pay a higher rent (around \$3 million a year, according to one industry source) than any other bidder.

In fact, none of the other experienced bidders came anywhere close to those numbers - and for good reason: They make no economic sense. Industry experts tell me that to justify that level of investment and that rent, Trump would have to fetch average room rates of at least in \$750, which is far above the \$500-plus average that even the city's top hotel, the Four Seasons in Georgetown, commands.

Perhaps the GSA was willing to overlook Trump's rocky financial history because he brought in as his partner Colony Capital, a well-known private-equity firm with more than \$30 billion under management that specializes in real estate. Trump and Tom Barrack, Colony's founder, have known each other at least since 1988, when Barrack earned a quick \$50 million for his boss, investor Robert Bass, by selling the Plaza Hotel to Trump for what was then the astronomical sum of \$390 million. Barrack also refinanced one of Trump's troubled Atlantic City hotels back in the 1990s.

These days, however, Barrack has a few hotel problems of his own. The Las Vegas Hilton, which Colony owns with Goldman Sachs, is in receivership and has lost its Hilton franchise. Along with Goldman, Colony was recently forced to forfeit control of the giant Atlantis resort in the Bahamas after failing to refinance the \$2.5 billion in debt it took on to buy Kerzner International, a resort group. Meanwhile, Colony's Atlantic City Hilton recently managed to avoid foreclosure only by allowing creditors to foreclose on two properties in Mississippi and receiving special permission from New Jersey gaming officials to offer 25-cent chips in its casino.

Like many in the real estate game, Colony and Trump are high-risk gamblers who play all the angles and have a habit of overpaying and overleveraging. When projects get into trouble, as this one surely will, they think nothing of handing the keys over to the lenders and moving on to the next deal. They have no roots in Washington and precious little experience with major structural renovation of historic properties.

In short, they are hardly the kind of steady, reliable, long-term partners the government needs for the redevelopment of a problem-plagued property on America's Main Street.

Next week: The Smithsonian Arts and Industries Building.

Citations #3-6, 18-21, 23, 26

Donald Trump's Companies Filed for Bankruptcy 4 Times

By AMY BINGHAM (@Amy_Bingham)

ABCNews.com

April 21, 2011

Donald Trump -- or companies that bear his name - have declared bankruptcy four times.

Trump has built an American empire from Las Vegas to New York with towering hotels and sparkling casinos. Forbes estimates he's worth \$2.7 billion. But not all of Trump's business ventures have been constant money-makers. In 1991, 1992, 2004, and again in 2009, Trump branded companies or properties have sought Chapter 11 protection.

"I've used the laws of this country to pare debt. ... We'll have the company. We'll throw it into a chapter. We'll negotiate with the banks. We'll make a fantastic deal. You know, it's like on 'The Apprentice.' It's not personal. It's just business," Trump told ABC's George Stephanopoulos last Thursday.

A business declaring bankruptcy is nothing new in corporate America, where bankruptcy is often sugar-coated as "restructuring debt." But it might seem alarming to everyday Americans who can't get a bank to restructure their home loans. If you want to get Donald Trump hot under the collar, accuse him of declaring bankruptcy.

Doug Heller, the executive director of Consumer Watchdog, said Trump is the "most egregious, almost comical example" of the disparity between what the average American faces when going through bankruptcy and the "ease with which the very rich can move in and out of bankruptcy."

"Under the American bankruptcy laws, if you end up in bankruptcy because you're struggling with divorce or medical payments or a sudden change of income, it's a disaster. If you fail miserably with huge dollars involved then you just need some accountants to rework your books," Heller said.

The multi-billionaire touts his huge net worth and big business experience as qualifications for his possible presidential run. Trump recently bragged that he has "a much bigger net worth" than Mitt Romney, who he said is "basically a small business guy."

"I'm a much bigger businessman. ... I mean, my net worth is many, many, many times Mitt Romney's," Trump said.

The big business man has wrangled with big debt in the past 20 years. Trump's first visit to bankruptcy court was in 1991, when his Atlantic City casino, the Taj Mahal, was buried under a mountain of debt. The Taj carried a \$1 billion price tag and was financed by junk bonds carrying a staggering 14 percent interest rate. As construction completed, the economy slumped, as did the Atlantic City gambling scene, soon plunging Trump into \$3.4 billion of debt.

'Keep the Donald Afloat'

"[The banks] could have simply taken everything he had right then, but they wanted his cooperation," said Lynn LoPucki, a bankruptcy expert and professor at UCLA Law School. "There's that old saying, 'If you owe your banks a little, you're at their mercy. If you owe the banks a lot, the banks are at your mercy. They saw the best way for him to repay the money was to keep the Donald afloat.'"

The Donald struck a deal with the banks to hand over half his ownership, and half of the equity, in the casino in exchange for a lower interest rate and more time to pay off his debt. He sold off his beloved Trump Princess yacht and the Trump Shuttle airplane to make his payments, and his creditors put him on a budget, putting a cap on his personal spending.

"The first one was a really big hit for him. They had him personally, and he ended up taking substantial losses in that bankruptcy. He also had the humiliation of having some bankers deciding how much money he could spend -- the numbers are just astonishing - - the amount of his monthly budget," LoPucki said.

John Pottow, a bankruptcy expert and law professor at the University of Michigan, said banks would often agree to lose millions in reorganizations like Trump's to prevent the massive losses they would incur if they foreclosed on the property.

"Banks will take considerable haircuts," Pottow said. "It's sort of like you have a sick patient so you cut off a couple toes to stop the gangrene. Now he's missing a few toes, but he's still alive."

Trump Hotels and Casino Resorts

Just one year after the Taj Mahal deal was struck. Trump was back in court, again "restructuring" his debt. This time the Trump Plaza Hotel in Atlantic City was in the lenders' crosshairs. Trump owed \$550 million on the hotel and agreed to give up 49 percent of the hotel to Citibank and five other lenders. In return, Donald Trump was given a similar deal as before, with more lenient conditions to repay the debt. The Donald stayed on as chief executive, but his salary was taken away.

"Here's a guy who's failed so miserably so many times and it's not as though he had to claw his way back after seven years in credit hell. He just said. 'OK, this isn't my problem anymore.' For him, it's just been a platform to the next money-making scheme," said Dough Heller, the executive director of Consumer Watchdog.

In 2004 Trump Hotels and Casino Resorts Inc. filed for voluntary bankruptcy after accumulating \$1.8 billion in debt. The Donald agreed to reduce his share in the company from 47 percent to 25 percent, meaning he no longer had control over the company. The deal also included lower interest rates and a \$500 million loan to make improvements.

"In 2004 is where he lost control of his name. One rule when you have a name like Trump is you never let anyone own it and control it. He got into such a bad spot here that he ended up with others owning and controlling his name. They can do what they want once they own it," LoPucki said.

Shortly after the proceedings, Trump told CNN's Geri Willis that his personal fortune would not be affected. "This is a very small portion of my net worth. It's less than 2 percent," he said.

When the economy turned downward in 2008, so too did Trump's real estate holdings. Trump Entertainment and his affiliated companies had \$2.06 billion in assets and was \$1.74 billion in debt. In December 2008 his company missed a \$53.1 million bond interest payment, propelling Trump Entertainment Resorts into bankruptcy court and plunging its stock price from \$4 per share to a mere 23 cents.

This time, Trump fought with his board of directors over the restructuring and ended up resigning as chairman of the board. He emerged from a messy, months-long process with a 10 percent share of the company.

LoPucki said it was very unusual for anyone to have that many large businesses go through bankruptcy. Most of the debt Trump incurred was through bonds that were sold to the public.

"People knew who Donald Trump was and for that reason were willing to trust the bonds, and they got burned," LoPucki said. "The people who invested with him or based on his name lost money, but he himself came out pretty well."

ABC News' Kristina Bergess and Nick Gass contributed to this report.

Citations #7, 27

Chicago Tribune

December 1, 2008 Monday
Chicagoland Final Edition

Deutsche Bank sues Trump over hotel loan;
Lawsuit alleges builder failed to make payment

BYLINE: By Mary Ellen Podmolik, TRIBUNE REPORTER

SECTION: NEWS ; ZONE C; Pg. 26

LENGTH: 410 words

Deutsche Bank Trust Co. Americas ratcheted up its battle with Donald Trump, claiming the hard-charging developer personally owes it \$40 million after defaulting on a \$640 million construction loan for Trump International Hotel & Tower in Chicago.

On Friday, Deutsche, the main lender on Trump's development alongside the Chicago River, filed suit against Trump in New York State Supreme Court in Manhattan.

It is the second suit filed within a month over the high-profile project under way at 401 N. Wabash Ave., which at 92 stories has already become a dominant figure on Chicago's skyline.

On Saturday, Trump said that despite the suits, the building's construction will be completed within five months. Meanwhile, his attorneys said an agreement that provides continued construction financing for the project has been under negotiation for weeks and could be completed this week.

Steven Molo, an attorney representing Deutsche, declined to comment on the latest suit or the financial discussions between Deutsche and Trump. Without continued funding, Deutsche could eventually find itself in the unenviable role of developer.

Last month, Trump filed suit against Deutsche Bank in New York State Supreme Court in Queens, seeking to excuse a repayment of more than \$330 million due Nov. 7 and extend the construction loan for an unknown period of time because the global economic crisis was a "once-in-a-lifetime credit tsunami." Trump also seeks \$3 billion in damages. On Wednesday, Deutsche moved to have that case dismissed.

This latest suit, filed by Deutsche, calls for Trump to make good on the personal payment guarantee he signed in February 2005 for the building if he didn't make the loan payments on time. The suit alleges that Trump did not pay the more than \$330 million due Nov. 7, a date that already had been extended, and that on Nov. 10, Deutsche made written demands for the outstanding loan payment and the \$40 million guarantee.

The suit was first reported by Crain's Chicago Business.

Despite the fanfare and Trump's marketing prowess, sales within the building have languished at the 50-percent mark for the last two years, hobbled by a rough economy. On Saturday, Trump said more than 50 percent, but less than 60 percent, of the units had been sold and there remains \$325 million of units under contract.

"The construction is continuing onward," Trump said.

Trump attorney Steven Schlesinger said he has not yet seen the suit.

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Citations #8, 32

The Daily Progress (Charlottesville, Virginia)

Distributed by McClatchy-Tribune Business News

December 6, 2011 Tuesday

Trump team wants out of lawsuit

BYLINE: The Daily Progress, Charlottesville, Va.

SECTION: STATE AND REGIONAL NEWS

LENGTH: 608 words

Dec. 06--The team representing Donald Trump's Trump Vineyard Estates LLC and Trump Virginia Acquisitions LLC has filed a motion to withdraw from an Albemarle County-based lawsuit against Bank of America.

Lawyers at the firm of Cook, Heyward, Lee, Hopper & Feehan, P.C. filed the motion with the United States District Court for the Western District of Virginia on Friday, claiming that the defendants have "failed to meet their financial obligations."

The filing also said that it would be "a financial hardship" upon the firm "to require them to continue to represent Trump without being paid."

The filing went on to say that the firm has given adequate notice of their intent to withdraw from the case, and that their decision should not delay the trial, scheduled to begin on Aug. 8.

Neither representatives from the law firm nor Trump's properties could be reached for comment.

Attorneys for Bank of America and Donald Trump have argued in federal court over Trump's assertion that he has a right to match any sale price negotiated between the bank and a buyer for the foreclosed Albemarle House property once owned by Patricia Kluge.

The bank, through its affiliate Quality Properties Asset Management Co., filed a lawsuit in U.S. District Court in August seeking to have the first right to refusal claim tossed out, saying the right has negative impacts on the property's title.

Trump's attorneys have defended the right and filed a countersuit asking the court to enforce the first refusal claim.

On Monday, bank attorneys filed a response to the Trump counterclaim, arguing that the claim is not valid and would be voided by previous subdivisions and sales of the

properties. The response asks the court to throw out the countersuit and to void the right of first refusal.

Trump's claim comes from quitclaim deeds filed as part of the Kluges' 1990 divorce. In the deeds, Patricia Kluge took ownership of the property upon which Albemarle House sits, while John Kluge retained ownership of the property around the house grounds.

Patricia Kluge agreed to "not accept an offer for the purchase of all or any portion of the property without first notifying the then current owner" of John Kluge's property. "In such event, the then current owner ... shall have the right to purchase said property at the same price and upon the same terms and condition as those offered by such bona fide third party."

The deed put a 15-day deadline on exercising the right "after delivery to it of written notice."

The property was part of the foreclosure sale of the bankrupt Kluge Estates Winery and Vineyard, the majority of which was bought by Trump, sans the property that contained the deed restriction.

The Kluge winery and vineyard, the state's largest, fell to harsh economic times after wine sales plummeted on the heels of quick production expansion. To help fund the winery, Patricia Kluge dedicated much of her personal property, putting real estate and possessions up as collateral.

Farm Credit Bank foreclosed on the winery, shut down production, sold off inventory and broke up the property into several parcels in a complicated foreclosure auction. Equipment that was used to operate the winery was sold off at a separate auction.

Trump purchased the winery and vineyard and, with his son Eric Trump, has resurrected the vintage as Trump Winery. He also purchased the property surrounding Albemarle House and that was when the deed restriction was conveyed to him. He was quick to enforce it.

Citations #9, 16, 31, 49

USA TODAY

July 29, 2011 Friday
FINAL EDITION

Trump goes from deals to defense

BYLINE: Kevin McCoy

SECTION: MONEY; Pg. 1B

LENGTH: 2007 words

NEW YORK -- It's a business challenge fit for The Celebrity Apprentice, the reality TV hit starring real estate mogul Donald Trump: A broker helps land a lucrative licensing deal for a high-profile executive, who in turn allegedly cuts off payments to the broker. What would The Donald do?

A New York State Supreme Court may decide, because the executive starring in this real-life lawsuit is Trump himself.

His company hired ALM International, a New York City-based firm, in 2003 to seek clothing industry licensing deals for the Trump brand, court records in the case show. ALM helped arrange a meeting that ultimately led apparel giant PVH, formerly known as Phillips-Van Heusen, to license Trump's name for a line of dress shirts and formal neckwear.

ALM, now known as ALM Unlimited, argues that Trump improperly halted payments on the agreement in 2008 after 11 consecutive quarters in which the world-famous executive personally signed checks to the firm for its work.

"Part of the art of the deal is to comply with the deal, to fulfill your responsibilities," said ALM attorney Jay Itkowitz, pointedly invoking the title of Trump's signature business book. "We argue that he hasn't done that."

"I think if this little problem was presented on his TV show, somebody might get called down to the boardroom," said Itkowitz.

"This lawsuit is without merit and is very insignificant," said Trump in a telephone interview this week. His lawyer has moved to dismiss the case.

Testifying in pretrial depositions, Trump and two of his business lieutenants gave contradictory statements on whether ALM should have been paid anything at all. Trump said the nearly three years of payments were a mistake because he wasn't aware of them, and "I don't feel that these people did very much, if anything, with respect to this deal."

Trump attorney George Ross, an adviser seen on the Apprentice series, said ALM was entitled to far less than it got before the cutoff. But Cathy Glosser, Trump's executive vice president of global licensing, said Ross told her "to see to it that ALM got paid."

The previously unpublicized lawsuit offers a colorful inside glimpse of Trump's management style -- one in which he portrayed himself in his deposition as signing foot-high stacks of payment checks while only occasionally checking the invoices.

Additionally, the case is one of several civil lawsuits nationwide that allege that improper Trump actions in licensing or other business deals collectively cost clients, buyers or associates millions of dollars in losses. Coming after Trump this year flirted with a White House campaign for weeks before opting to continue with his TV series, some business experts and lawyers say the combined legal impact could jeopardize his brand's value -- a conclusion Trump emphatically disputed.

"The reputation of that brand is being diluted by these lawsuits. People may think twice before doing business with Donald Trump," said Nick O'Flaherty, strategy director for Wolff Olins, a brand consulting firm whose clients include AOL, Microsoft and Skype.

According to Trump's deposition, he began licensing about 10 years ago. "It started with buildings, and then it went over to many other products" after the Apprentice series became a success, said Trump, adding, "It was my idea."

And that idea, Glosser said in her deposition, was "terrific quality, at a great price point."

Today, fans who want to get their Trump on have a wide array of products to choose from. Trump video games. Trump chocolate. Trump tea. Trump ice. Trump furniture. Trump mattresses. Trump lighting. Trump home fragrance. Trump crystal. Trump eyewear. Trump cuff links and tie clips. Trump belts and small leather goods. And Trump business suits.

Although Trump said he didn't recall his first product licensing deal, the one with PVH was among the earliest apparel agreements. And it was profitable, producing more than \$3.2 million in royalties for Trump from 2005 through 2007, according to ALM's amended court complaint. PVH declined to comment on sales of the Trump line.

Court records show ALM's agreement initially called for Trump to pay the firm 22.5% of royalties he received from apparel licensing deals the broker helped secure. A subsequent amendment that extended the deal's length and also covered any extensions of previously approved Trump licensing agreements with apparel firms cut ALM's percentage to 10%.

Accordingly, ALM received more than \$300,000 in fees until 2008, when the Trump Organization cut off payments to the firm on the continuing apparel licensing deal. As Trump recounted it in his deposition, it was his insistence on signing all payment checks that detected what he termed the ALM payment "mistake."

"I still use the old-fashioned method and I sign my own checks, but I sign so many of them over the course of a week or over the course of a month that it's a long, arduous process," said Trump.

So arduous that "I have thousands of checks that I sign a week, and I don't look at very many of the checks; and eventually I did look, and when I saw them (ALM) I stopped paying them because I knew it was a mistake or somebody made a mistake," said Trump.

According to his deposition, Trump questioned whether he should have paid ALM anything, because the only agreement with the firm was a memorandum of understanding that never became a signed contract.

Trump acknowledged he signed that agreement. But he said he didn't realize it called for automatic renewals. "I've never heard of this, where ... a deal goes on forever. Normally, you get paid a fee, and you're finished. But this went on forever," said Trump.

"We paid as gentlemen, you could say," Trump said. "But ultimately, when we were unable to make a deal, we stopped paying."

Ross said in his deposition he refused to advise Trump to sign a contract with ALM because the firm's payment percentage and lack of a termination clause were too high. But Ross said he didn't convey that to ALM representative Jeff Danzer in writing, because "that might have created a situation where he would kill the PVH deal, and I thought he was devious enough to do that."

Instead, Ross said in his deposition, he told Danzer that after the apparel deal was finalized, "We will sit down like gentlemen and work out what you should be entitled to." Ross added that he told Glosser "exactly the same thing."

But Glosser in her deposition offered a far different recollection of her conversations with Ross.

"He told me after I probed many times to find out if he had a signed deal with ALM ... that ALM was entitled to payment and to see to it that they got paid."

Itkowitz, ALM's attorney, offered his own conclusion. "This situation seems to be a case where a financially strong person is attempting to use economic power to get a better deal, namely to pay less than he's required to under the agreement," he said.

"If there are situations where it gets out that you're not going to fulfill your part of the deal, it creates the risk of damage to your reputation," added Itkowitz.

If so, the risk may have been heightened by other lawsuits against Trump.

Lawsuits in other deals

In 2005, Trump and Tampa officials announced plans for a 52-story condominium, one that would have been the city's tallest building. But the project, Trump Tower Tampa, slid into bankruptcy in 2008.

Would-be buyers allege in a Tampa federal court lawsuit they collectively lost nearly \$8.5 million in deposits and interest. Defense attorneys argued in court filings that Trump wasn't the developer and had "absolutely no responsibility" for the project's failure or the losses. But the prospective buyers contend Trump misled them into believing he was deeply involved in the project.

"He chose not to disclose to the buyers that he was just a licenser ... that he could pull his name off the project," said Elaine Lucadano, who lost more than \$45,000 of her condo deposit. She said buyers were "deceived" after being attracted by the Trump name.

Trump Ocean Resort Baja was marketed in 2006 as a \$200 million hotel condominium in Baja California, Mexico, with 526 luxury suites that owners could offer for rent when they weren't using them. The project, which the court complaint argues "was to be a Donald Trump development, with Donald Trump participating as a developer," collapsed before construction began.

Scores of would-be buyers argue in a Los Angeles Superior Court lawsuit that they lost about \$25 million. Both Trump and his partners in the deal contend they weren't the actual developers and thus bore no legal responsibility for the project's demise. Trump also argued unsuccessfully that the court lacked jurisdiction over a project in Mexico.

"Their only mistake was believing what Donald Trump was saying," said Bart Ring, an attorney representing the would-be buyers.

A federal lawsuit in Palm Beach charges that many prospective buyers lost money when they placed deposits on units at the Trump Ocean Club, a 70-story, sail-shaped condominium-hotel in Panama that opened this month.

Court papers filed by the would-be buyers argue the Trump Organization originally said it would provide 70% financing to investors who put down 30% deposits. The buyers argue they were also told that those who bought two condo units could resell one at a profit before they would be required to close on the first purchase.

Both incentives were withdrawn, said Roderick Flynn Coleman, the lawyer who filed the case against Trump. Coleman said Trump also canceled plans for his organization to manage the hotel and a casino at the site.

"If this were in the United States ... if there were substantial changes like this that affect the contract, you'd have the right to cancel," said Coleman.

The court dismissed the case based on Trump's argument that the purchase agreements included a stipulation that "any dispute ... will be subject ... to the courts of Panama." The ruling, which Coleman is appealing, allows the would-be buyers to refile the case if the Panamanian legal system deprives them of any chance to recover alleged damages.

Trump is also being sued by former students of Trump University, now known as the Trump Entrepreneur Initiative. They argue they were defrauded of as much as \$35,000 each by promises they would learn secrets of real estate success from teachers "handpicked" by Trump. Arguing the former students suffered no harm, Trump moved to dismiss the case. But a California federal judge in May ruled parts of the lawsuit should proceed. The court has scheduled a conference with both sides next month.

A luxury brand

To be sure, Trump has licensed his name to successful deals in real estate and other ventures. In Toronto, he has partnered with one of Canada's wealthiest businessmen on a luxury tower expected to open this year. That and successful projects in Las Vegas, Chicago and elsewhere have given Trump "a strong reputation as a luxury brand" in the hotel-condo sector, said Sean Hennessey of Lodging Advisors, a New York consultant for hotel investors.

"I think they are very conscientious that their name isn't attached to a fly-by-night developer," said Hennessey.

Nonetheless, he said, Trump should consider extra measures to guard his brand, such as taking more of an investor and management role in his deals.

Branding expert O'Flaherty suggested Trump should "decide what his brand is" and be more judicious in his licensing deals.

"What he stood for -- the American dream -- is slowly being drained away by overextension, putting his name on everything from real estate to mattresses," he said.

But Trump, in a pretrial deposition for the Tampa case, said he carefully guards his name. "When I own something, I work very hard to make sure it is successful," he said. "If we license something, we also make sure we try our best to make it very successful."

Citing a recent surge in demand for units at Trump Towers in Sunny Isles Beach, Fla., a licensing deal slammed by the recession, Trump added in the telephone interview: "The brand has never been hotter than it is today."

Citation #10, 36-38

The Star-Ledger (Newark, New Jersey)

March 3, 2005 Thursday
FINAL EDITION

Trump scuttles Indiana project

BYLINE: JUDY DeHAVEN, STAR-LEDGER STAFF

SECTION: BUSINESS; Pg. 51

LENGTH: 584 words

Trump Resorts \$1.50 +\$0.08 When Donald Trump beat out Larry Bird last year for the chance to build a riverboat casino in the NBA legend's hometown of French Lick, Ind., Trump called it "a great honor." Trump Hotels and Casino Resorts was selected because of "the power of the brand," Trump said at the time. What it did not have was the cash. The company, struggling under \$1.8 billion of debt, later filed for Chapter 11 bankruptcy protection.

Since then, the selection of Trump Resorts has been a source of controversy in Indiana, where a new governor has demanded the resignation of commission members that chose Trump Resorts and a new gaming chief has ordered a review of the company's finances and its ability to complete the project.

But even before the review was completed, Trump Resorts announced yesterday it was pulling out of French Lick. Citing "onerous" taxes and the possibility of better opportunities cropping up elsewhere in Indiana, Trump Resorts Chief Operating Officer Scott Butera said the company and the state of Indiana "mutually decided to stop exclusive negotiations" for the riverboat casino.

Indiana Gaming Commission Executive Director Ernest Yelton could not be reached for comment, but he told the Associated Press negotiations with Trump Resorts ended amid the state's review of the company's finances. Butera, however, said the company was never formally notified about the review, and the two sides were in discussions over a draft of the operating agreement when Trump Resorts decided to pull out.

"We just want what's best for us and what's best for the state," Butera said. "A lot of things have changed in Indiana. We're just taking another look at the project, more than anything."

The Indiana state Supreme Court ruled in October the 10 existing Indiana casinos had to pay \$200 million in back taxes. Trump Resorts, which owns three Atlantic City casinos as well as a riverboat in Gary, Ind., owes Indiana \$23.8 million.

The French Lick project - a \$109 million riverboat casino that was supposed to stimulate tourism and add jobs to the rural Indiana town - is not the only deal Trump

Resorts has lost since filing for bankruptcy Nov. 21. The Twenty-Nine Palms Band of Luiseno Mission Indians has cut its ties to the company, which had managed the Trump 29 casino in California.

In December, the tribe announced it was paying Trump Resorts \$6 million to terminate the five-year management agreement early. That meant a loss of several million dollars a year for Trump Resorts.

Gary Kovall, the tribe's lawyer, said the bankruptcy created "a distraction" for the casino, prompting vendors to question if they were going to get paid and gamblers to ask if the casino was going to shut down. The tribe is now in the process of removing the Trump name from its casino, which it is renaming "Spotlight 29."

Butera has downplayed the loss of both projects, saying when Trump Resorts emerges from bankruptcy protection later this year, it will be in the position to go after deals that are bigger than running a Native American casino or operating a small riverboat in rural Indiana. French Lick did not even warrant a mention in the company's bankruptcy filings.

"Given where we are now, our goal is to be in big markets," Butera said.

Indiana officials will reopen the process of selecting a developer for French Lick. Boyd Gaming, the co-owner of Atlantic City's Borgata and Bird's partner, could not be reached for comment on whether they are still interested in the deal.

December 28, 2008

Trump's travails

SECTION: PROFILE

LENGTH: 1973 words

Donald Trump

AGE: 62

APPEARANCE:

chubby, puffy-faced, with gravity-defying comb-over

NEWSWORTHINESS:

the world's most famous capitalist is a symbol of those hurt by the financial crisis of the past year

Donald Trump loves his most famous catchphrase.

"The first time I said the words 'You're fired!', I realised just how beautiful they are," he once said about the reality television series *The Apprentice*, that has since become one of the world's most lucrative franchises. "They're horrendous and mean and vicious, but they're also beautiful in a sense because they're so defining. When you say 'You're fired', you know it's over."

While Trump himself is not headed for the dole queue any time soon, the travails of the last few weeks might at least give him some empathy with the dozens of unfortunates he's chucked out of the boardroom of Trump Tower in New York. With business deals on no fewer than three continents turning sour for the real estate developer, socialite and best-selling author, it seems even billionaires are not immune from the cold winds of the international credit crunch. Always sensitive to criticism that his net worth is not quite what he claimed it to be, he has now found himself in the embarrassing position of bargaining with banks for more time to pay off his loans.

Each of Trump's problems is serious enough in itself, but together they represent a series of disasters that puts the future of his property and entertainment empire in jeopardy.

In Dubai, the Trump Organisation has stopped work on a 62-storey skyscraper due to be built on one of the palm tree shaped artificial islands in the Arabian Gulf. The development was designed to be a luxury hotel and apartment complex, with the penthouse suite earmarked for Trump himself. Thanks to the collapse in demand from

the wealthy expatriates who flocked to Dubai in recent years, however, the project is no longer commercially viable.

Back in Atlantic City, the east coast's answer to Las Vegas, Trump's casino business has lost 99 per cent of its value in the space of two years. Earlier this month, Entertainment Resorts admitted it could not meet a \$53.1 million interest payment, prompting emergency talks between directors and bankers in a bid to save it from bankruptcy. The company issued a defiant statement, insisting that its own demise was only a drop in the ocean of Trump's vast fortune.

An even more awkward situation faces the tycoon in Chicago, where he has half built a hotel and condominium complex that will eventually be taller than New York's Empire State Building. He has also failed to meet the deadline for paying a \$334 million loan to DeutscheBank, which is suing him for the \$40 million that he personally guaranteed.

Always ready to fight fire with fire, Trump has cited a force majeure clause in the lending agreement, which allows the borrower to delay payment if construction is hampered by unforeseen events, such as riots, floods or strikes. "Would you consider the biggest depression we've had in this country since 1929 to be such an event?" he said in a recent interview. "I would. A depression is not within the control of the borrower."

The problem that has probably given Trump most personal grief, however, is located in the land of his mother's birth. For several years now, he has dreamt of building a »1 billion golf and housing development on an unspoilt stretch of 1,400 acres of Scotland's Aberdeenshire coast, made up of two championship courses, a 450bed hotel, 500 private houses and 950 house-share villas. With characteristic modesty, he claimed it would be the greatest golf resort in the world.

At first, the project won widespread support from Scottish politicians, including first minister Alex Salmond. In recent months, however, it has been dogged by protests from Scottish environmentalists, who claim that any golf course will destroy the ancient sand dunes that are home to a wide variety of animals and birds. Dismissing Trump as a greedy outsider with little regard for the area's fragile ecosystem, they accused local officials of being "blinded by the bling".

Scotland's loss could be the North's gain. Openly frustrated by the controversy, Trump is now threatening to shelve the development because he is fed up with the slow pace of the Scottish planning process. Last month, he sent his 24-year-old son Eric, vice-president of the Trump organisation, to meet Ian Paisley Junior in Belfast for discussions on how quickly plans for a similar project could be processed there.

Trump is unlikely to take any of these setbacks lying down. Rule nine of the 12point guide outlined in his bestseller, *Think Big and Kick Ass in Business and Life*, reads: "Get even - if someone screws you, screw them back 15 times harder. Like it says in the Bible, an eye for an eye." It may not be subtle, but it's a philosophy that he's entitled to claim has served him pretty well up to now.

Just last week, he went to war with a small Californian town over a luxurious golf course he developed there in 2002. He launched a lawsuit demanding that the town, Rancho Palos Verdes, compensate him to the tune of \$100 million, five times the town's annual budget. He claimed the town had undermined the Trump image by refusing to rename a local highway Trump National Drive and forced him to cut down a row of trees he had planted to block views of low-cost housing from the golf course.

His life story is not exactly one of rags to riches. By the time he was born in June 1946, his father Fred (originally Friedrich Tromp), the son of a German barber, had accumulated millions by buying rundown apartment blocks in Brooklyn and renting them out to immigrants. Young Donald decided to take this business model one step further - by constructing plush properties in Manhattan and renting them out to rich people instead. By the age of five, he was accompanying his father around building sites and, at 13, learned how to drive a bulldozer.

An aggressive and rebellious child, Trump was threatened with expulsion from school in second grade after punching his music teacher ("I didn't think he knew much about music," he later said). His parents decided that he needed the discipline of New York Military Academy, where he excelled - both academically and on the sports field.

The only problem, he admitted later, was that his drive to win often repelled people and that he made few close friends as a result.

Trump graduated from the prestigious Wharton School of Business in Philadelphia in 1968, joined his father's company and began hustling for the deals that would eventually make him the most famous capitalist in the world. He specialised in snapping up drab buildings with little obvious potential and transforming them into luxury locations that exuded wealth and won headlines.

His trademark skyscraper, Trump Tower, completed in 1982, was designed as the embodiment of his flamboyant personality - with brass fixtures, marble floors, high-end stores and an 80-foot waterfall. It quickly became a tourist attraction and kick-started a renaissance on New York's Fifth Avenue.

As a teenager, Trump attended the opening ceremony of a bridge connecting Brooklyn and Staten Island, and noticed that the name of its designer was not even mentioned. By his own account, he determined there and then that he would never suffer such an ignominious fate. As his property empire developed, he lent his name to a variety of products that would make him, not just a business tycoon, but an international celebrity as well.

Thanks to the number of goods that bear Trump's image and name, it is now possible to eat, drink, dress, play golf and even smell like 'TheDonald', as his Czech-born ex-wife Ivana once dubbed him. Because the dividing line between what he fronts and what he actually owns is far from clear, there is a widespread suspicion that he wildly exaggerates his net worth.

Although he put a rough estimate of \$6 billion on his personal fortune earlier this year, the Forbes 400 list calculates it at just half that figure - making him merely the 134th-richest person in the world.

His journey towards billionaire status has not always been plain sailing. The property crash of 1990 hit him hard. By the following year, he faced ruin after financing a casino with high-interest junkbonds he could not afford to repay. With the aid of family loans and new bankruptcy laws that favoured debtors, however, he weathered the storm and, by the end of the decade, had emerged in as healthy a financial state as ever.

Even Trump's detractors concede that he is an exceptionally shrewd and disciplined man. He has never touched coffee, cigarettes or alcohol - partly, he says, because drink caused the premature death of his older brother, Fred. His one weakness is junk food, although he also endorses the Gordon Gekko philosophy, that lunch is for wimps.

By his own admission, Trump is no intellectual. He has made cameo appearances in several Hollywood films and is the proud owner of the Miss Universe Organisation. He is also a huge fan of professional wrestling and has hosted two Wrestlemania extravaganzas in Trump Plaza Hotel in Atlantic City.

Although Trump is regularly mocked by late-night comedians for his monumental ego, absurd hairstyle and lack of interest in high culture, he is far from lacking in self awareness.

When satirical character Ali G landed an interview with him and tried to interest him in the merits of an ice-cream glove, Trump quickly realised he was being set up and departed before any real embarrassment could be caused. He is not above sending letters to the home addresses of journalists who have criticised him, helpfully pointing out that they are losers and he is anything but.

Apart from Trump's business exploits, Americans have been regularly fascinated by the soap opera of his private life. His first wife, Ivana, was a former Olympic skier who has become almost as famous as him, thanks to her blonde, beehive hair and Czech-tinged English. The couple had three children together, but divorced in 1992 after revelations of Donald's infidelity, leading to a \$20 million settlement that prompted Ivana's quip: "Don't get mad, get everything." He is now on his third marriage, to Melania Knauss, a Slovenian supermodel 24 years his junior.

Never a man who appears to lack self esteem, Trump has frequently hinted that the world's problems might require him to transfer his talents to a bigger stage. He flirted with a run for the White House on the Reform Party ticket in 2000, before deciding they were too amateurish an outfit to market him properly. One potential problem with a political career would be his hatred of shaking hands, which he has described as a barbaric practice that spreads germs.

His recent forays into political punditry have been ill-fated. In October 2007, he appeared on Larry King Live and confidently predicted Hillary Clinton and Rudy Giuliani would win the presidential nominations of their respective parties, adding that he would be happy to support either.

In mid-September this year, he endorsed John McCain, just before the Republican nominee started to sink in the polls.

If all else fails, Trump still has The Apprentice to fall back on. He has been the public face of the US version of the show ever since it debuted on NBC in 2004, and now reportedly earns \$3 million per episode. Last year, he received the ultimate showbiz accolade in the shape of his own star on the Hollywood Walk of Fame.

"Money has never been a big motivation for me, except as away to keep score," Trump once said. "The real excitement is playing the game."

It remains to be seen how he will respond to his latest reversals. With a personal motto of "to retire is to expire", however, it's a safe bet that 'TheDonald' will be playing his favourite game for some time to come.

Citations #12, 33, 34

South Florida Sun-Sentinel (Fort Lauderdale)

Distributed by McClatchy-Tribune Business News

November 19, 2010 Friday

Lenders foreclose on 200-unit Trump Hollywood condo

BYLINE: Paul Owers, Sun Sentinel, Fort Lauderdale, Fla.

SECTION: BUSINESS AND FINANCIAL NEWS

LENGTH: 669 words

Nov. 19--Lenders have foreclosed on Trump Hollywood, a 40-story oceanfront condominium unveiled last year by Jorge Perez and Donald Trump.

The move is the latest blow for the high-profile development duo amid the worst housing bust in decades.

Prices in the lavish project ranged from \$1.3 million to \$7 million. In August 2009, Perez said he had commitments from buyers for more than two-thirds of the units, but there were closings on only 25 of the 200 condos.

Analysts doubted Perez and Trump could sell the digs featuring Italian cabinetry and wine fridges when condo buyers are looking for bargains.

Trump on Thursday distanced himself from the \$355 million project. Though he is listed as a developer on the Trump Hollywood website, he said he simply licensed his name and was not involved in sales.

"The job is beautiful," Trump said. "I was a little surprised at the timing myself. Jorge is a professional and he took a big chance."

Perez could not be reached for comment Thursday.

The \$225 million mortgage was part of \$2 billion in troubled loans at Perez's The Related Group of Miami as of early last year, said Matt Allen, chief operating officer.

"We'll be a healthy company now that we've restructured this debt," Allen said.

BH3, a Miami-based company, bought the note for about \$160 million, said Mark Pordes, a real estate broker who handled the transaction. It's the largest bulk condo deal in Broward or Palm Beach counties since 2008, when CondoVultures.com, a consulting firm, started keeping track.

Related will continue to manage and market units at Trump Hollywood, Allen said. Pordes said he doubts the new owner will cut prices drastically because it wants to maintain the "integrity" of the project.

"It's going to take a lot of creative marketing," Pordes said. "Every palm tree is perfect ... all the amenities are perfect. It's just a pristine asset, in my opinion."

Juanita Gutierrez, a spokeswoman in New York for HSBC Holdings, which led the lending group that held the note, declined to comment.

Last month, Perez said he was having trouble working out a deal with a consortium of Trump Hollywood lenders.

Perez said then he wanted to slash prices but the lenders were hesitant to do so.

"It's just a matter of adjusting prices to the new reality," he said at the time.

As condo sales and prices tanked over the past few years, Related negotiated deals with lenders on several projects statewide, including the Icon Brickell condo in downtown Miami.

Related said last summer it handed control of the CityPlace South Tower in West Palm Beach to an investor group as part of a "friendly foreclosure." A Dallas-based company recently bought the remaining 305 unsold units for \$63.9 million.

Earlier this month, Trump said he's no longer affiliated with the \$200 million Trump International Hotel & Tower on Fort Lauderdale beach. It's now facing foreclosure.

More than 100 people paid 20 percent deposits to buy condos in the Fort Lauderdale tower, where prices ranged from about \$500,000 to more than \$3 million. Many of the buyers are suing, saying developers misrepresented Trump's involvement.

In 2007, Trump and Perez agreed to build a luxury condo in West Palm Beach, but the project was shelved before it began.

The condo crash was destined to occur because Perez and other developers sold too many units to investors, who didn't live in them, said Lewis Goodkin, a housing consultant based in Miami. It created a false demand that drove up prices.

"Your name, be it Perez or Trump, wasn't going to be the thing you could hang your hat on," Goodkin said. "The market is still driven by economics."

Information from Bloomberg News was used in this report.

Citations #13, 40

The Miami Herald

May 15, 2009 Friday

Trump wants name off condo project;
Donald Trump was such a fan of Fort Lauderdale, he joined two condo-hotel projects in the resort city. Now his involvement might be down to zero.

BYLINE: DOUGLAS HANKS, dhanks@MiamiHerald.com

SECTION: C; Pg. 1

LENGTH: 615 words

Donald Trump may not be coming to Fort Lauderdale, after all.

After seeing one hotel project in the resort city fizzle amid a depressed real-estate market, the celebrity mogul has informed developers of another that they can't use his name on their 298-unit property.

Trump claimed the developers of the Trump International Hotel and Tower were in default of a licensing agreement that allowed use of Trump's name on the project, according to a letter the developers sent to buyers this week.

That licensing deal boosted sales at the 24-story tower, where units sold for \$600,000 and up. The Trump brand was seen as injecting luxury into a hotel market long known for spring breakers and budget rates.

And while developers plan to fight to keep Trump's name on the front of the building, the conflict adds to the legal fights facing condo-hotels across South Florida as buyers try to escape sales contracts written during the recent real-estate boom.

"It was difficult before this financial crisis to get financing for a condo-hotel. Now it's virtually impossible," said Robert Cooper, a Miami lawyer who represents about 50 condo-hotel buyers in various projects throughout South Florida. "Unless they have cash to close, there's no way they can close on these condo units."

THE LAWSUIT

Thirty buyers of Trump International units at 551 N. Fort Lauderdale Beach Blvd. are suing the developers and Trump for allegedly misleading them into thinking the TV star's participation was a sure thing. Though sales contracts identify the project as the SB Fort Lauderdale Hotel & Condominium and state that Trump can withdraw from the licensing deal, the suit claims that marketing materials suggested Trump was on board as a developer.

"Everybody thought they were buying into Trump Tower," said Joseph Altschul, the Fort Lauderdale lawyer who filed the suit in Broward County Circuit Court.

The suit claims plaintiffs "paid a premium for a condominium unit with the Trump name purportedly attached to it," reads the suit filed in Broward County Circuit Court. The project's website described it Thursday as ``a signature development by Donald J. Trump."

SB Hotel Associates, the New York company behind the project, and lead developer Roy Stillman did not respond to requests for comment. A spokeswoman for Trump, whose casino company filed for bankruptcy protection in February, issued a statement saying his organization wasn't the developer of the property, adding ``for all other inquiries, please contact the owner."

TROUBLES MOUNT

As recently as two years ago, Trump symbolized the transition under way in Fort Lauderdale's hotel industry. The prolific real-estate salesman sold his name to a pair of luxury condo-hotel projects set to rise two miles away from each other on the beach.

In 2007, when developers suspended plans for the Trump Las Olas Beach Resort at 525 S. Fort Lauderdale Beach Blvd, Trump expressed confidence that his other Fort Lauderdale venture would prosper despite the slump.

But this week, SB Hotel Associates sent out a letter hinting at troubles ahead.

The May 13 letter said given the "uncharted economic climate," developers did not expect the hotel to open if fewer than 50 percent of buyers close on their units. But if the hotel doesn't open, the letter said, owners could not occupy their units, given local zoning rules for condo-hotels.

Altschul said buyers hadn't heard from the developers for about a year, before receiving letters announcing closings would be taking place at the end of May. He said that while the units seem mostly finished, the public areas of the hotel need work.

"There's a shell where the restaurant and spa are supposed to be," he said.

Citations #14, 42

Tampa Tribune (Florida)

November 14, 2009 Saturday
FINAL EDITION

Trump Tampa investors claim they were duped by name

BYLINE: RICHARD MULLINS rmullins@tampatrib.com, rmullins@tampatrib.com

SECTION: BUSINESS; Pg. 1

LENGTH: 393 words

By RICHARD MULLINS

rmullins@tampatrib.com

TAMPA - More lawsuits are piling up in the wake of the failed Trump Tower Tampa.

This week, 30 individuals and companies filed a joint lawsuit against The Trump Organization and Donald Trump, saying they were duped into investing millions of dollars in the project in 2005, thinking Trump himself was building the property.

"In truth," the lawsuit claims, Trump "only sold the 'Trump' name to use in inducing buyers to purchase units," in the 52-story tower that would have gone up at 103 Ashley St.

The real developer was SimDag/Robel LLC, something not fully revealed until 2007, and Trump was merely leasing his name to the project, they say in a lawsuit filed in Hillsborough County Circuit Court. That arrangement only became public in May 2007 amid media reports, the suit notes, and Trump himself sued SimDag in May 2007, seeking "millions of dollars in unpaid fees" from his name-leasing arrangement.

An attorney for The Trump Organization said the developer was disclosed.

"Mr. Trump was not the developer of the project, did not enter into contracts with any of the buyers and did not receive deposits from any of the buyers," said Alan Garten, assistant general counsel. "Mr. Trump licensed the use of his name to the developer, Simdag/Robel LLC, to brand the project - no different than any other luxury real estate brand. This was clearly disclosed to the buyers in both the purchase contracts they signed and the property reports they received, each of which expressly identified Simdag/Robel LLC as the project's developer and seller of the units."

Among the plaintiffs are Deborah and James Frederick of Cocoa Beach, who invested in one unit and lost \$103,300 in the project, most of their life savings, said officials with Clark & Martino, the law firm involved.

The site remains vacant, as construction never exceeded ground level.

Colonial Bank, which financed part of the project, attempted to sell the waterfront downtown Tampa site at a foreclosure auction at the courthouse but ended up buying the land back. The developer, SimDag, filed Chapter 11 bankruptcy protection and reached a mediated agreement with Trump.

Reporter Richard Mullins can be reached at (813) 259-7919.

Photo: Donald Trump

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Citations #15, 46-48

Los Angeles Times

May 5, 2009 Tuesday
Home Edition

If Trump lent name, does he get blame?;
Buyers in a failed Baja resort project tussle with the tycoon over whether he's liable.

BYLINE: Stuart Pfeifer

SECTION: MAIN NEWS; Business Desk; Part A; Pg. 1

LENGTH: 1263 words

DATELINE: TIJUANA

Waves crash against a rocky shore while a couple stroll hand in hand on the beach.
Poolside, a bartender is mixing up a batch of margaritas.

Then comes Donald Trump, smooth and confident, singing the praises of the new
Trump Ocean Resort Baja Mexico north of Rosarito Beach, an area he touts as "the
next Cabo."

"I'm very proud of the fact that when I build, I have investors that follow me all over,"
he says in the eight-minute marketing video produced for potential buyers. "They invest
in me. They invest in what I build, and that's why I'm so excited about Trump Ocean
Resort.

"This is going to be something very, very special."

So special that 80% of the first phase sold within hours in a 2006 presale. Many of the
buyers were Southern California residents looking for affordable oceanfront vacation
property.

But three years later, the only progress is a gigantic hole in the ground and a heap of
dirt.

Instead of a 525-unit luxury vacation home complex with pools and tennis courts, this
project is shaping up to be a legal battle of Trump proportions.

Dozens of angry buyers have sued Trump for failing to complete the project. He, in
turn, sued the Los Angeles-based builders, saying he had only lent his name to the
project, and it was the developers who allowed the project to fail.

To the buyers, the heart of the dispute is this: If Trump is identified as a project's
builder, is he liable if the actual builder fails?

Yes, says Hamed Hoshyarsar, a Northridge accountant who bought one of the units.

"That's the reason why we went with this project: Trump's name was on it," said Hoshyarsar, 30. "If we would have known he just licensed his name and he wasn't the developer, then we wouldn't have bought it."

Now he changes the channel when Trump appears on television.

"I can't believe a person with the reputation of Donald Trump and all that he represents on 'The Apprentice,' that he let this happen to us," Hoshyarsar said. "It's unbelievable."

Trump said in an interview that sales contracts made it clear that he was not the developer. He said he licensed his name because the developer had a "good reputation" and had been a reliable partner in a similar project on Waikiki Beach.

"The documents state very clearly that we were not the developer," Trump said. "We're looking into the whole situation, because it doesn't make me happier than it makes them. I don't like to see people lose money."

Before the reality-TV hit "The Apprentice," the premium vodka and the signature clothing line at Macy's, Trump in fact did make a name for himself building luxury office towers, hotels and casinos. Over time, the Trump name became a symbol of glamour and success.

In his newly released book "Think Like a Champion," Trump wrote about the power of his name.

"My buildings sell out before they are built," Trump wrote. "People recognize the brand name and know what they will be getting: the best for their money."

Developers pay handsomely to stamp that Trump cachet on their projects. Such deals have proved profitable for both Trump and builders who paid to use his name.

The Baja project was developed by Irongate Wilshire and PB Impulsores, which both operate from offices in Westwood. Irongate principals Jason Grosfeld and Adam Fisher did not respond to requests for comment.

Irongate and PB Impulsores have not filed a response to the buyer lawsuits. In an e-mail to buyers in February, which a plaintiff provided to The Times, the developers blamed the project's failure on the "global meltdown of the credit markets," making it impossible to obtain financing.

But the buyers say Trump's liability is clear. "Nobody ever said anything about this being a licensing deal," said Daniel J. King, a lawyer for the buyers. "None of them would have bought if they knew the real arrangement."

In February, the developers notified buyers that they had spent their deposits -- \$32 million -- and were abandoning the project because they could not obtain financing to finish it.

Sixty-nine people who paid for units at Trump Ocean Resort Baja Mexico filed suit in March in Los Angeles County Superior Court against Trump and the developers,

accusing them of falsely portraying Trump as the builder. Although the project was to be in Mexico, the suit seeks to apply U.S. law because the properties were marketed and sold here.

Trump, the 62-year-old symbol of capitalistic success, sued developer PB Impulsos in U.S. District Court in New York, accusing it of failing to make good on its promise to build the project and demanding an accounting of how the buyer deposits were spent.

Bart I. Ring, another lawyer for the buyers, said he considered Trump's suit a "publicity stunt" that would not relieve him of culpability in the Baja project.

"If Trump is truly interested in the best interests of the buyers, he could reach in his pockets and make the buyers whole," Ring said.

Meanwhile, 10 miles south of the border, Trump's smiling face and famously big hair can still be viewed on a billboard at the resort site, alongside the slogan "Owning here is just the beginning."

On a recent weekday, the paved road that leads to the 17-acre property was blocked by a single strand of steel chain. A security guard cautioned in Spanish that no one was allowed on the property.

If things had gone as billed, the first of three towers -- a monolith of marble and glass rising above the coast and providing picturesque views of the Pacific Ocean and the Coronado Islands -- would have been completed by now.

In January, Trump backed out of the project after it became clear that the developers were not going to complete it.

"This was not a deal where I could control things," Trump told The Times. "I am personally looking into it."

As for buyers who appear to have lost their investments, Trump said: "They'll have to speak to the developer."

George Lefcoe, a USC law professor who specializes in real estate financing and land use, said the buyers might have a difficult time pursuing damages against Trump.

"He doesn't promise unconditionally that if anything goes wrong, he'll give you the money back," Lefcoe said. "What this controversy shows is you need to be sure your money is held by a third party, not controlled by the seller."

Some people familiar with Baja real estate said they thought the project was doomed from the outset.

Trump or not, northern Baja was not the place for a five-star resort, said Brian Flock, a Baja California real estate agent. It's a place where people wear flip-flops day and night, buy Coronas by the bucket and barter for serapes, ceramics and other souvenirs.

"Frankly, we're not in the tropics. We're not an international resort destination. They don't land in the airport and walk along a polished marble floor and shops like Gucci

and Louis Vuitton," Flock said. "The project didn't fit the profile at all of Baja California north. . . . I never sold a single unit there. I never promoted it at all."

Still, buyers swamped a December 2006 sales event at a posh San Diego hotel and purchased about 80% of the units in the first tower.

Trump Baja buyer Lupe Mendoza, a single mother with two teenage boys, said she started to become concerned by late 2007 when there had been little progress at the construction site.

"I would always get these responses, 'Yes, it's happening, but it's underground. You can't see anything,' " Mendoza said. "To me, the word is 'unbelievable.' I was led to believe I was investing with a multimillionaire. I believed my investments were as safe as safe could be. I believed the man was a man of his word."

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Citations #17, 50

The Honolulu Advertiser (Hawaii)

July 14, 2009 Tuesday

Buyers sue Trump Waikiki

BYLINE: RICK DAYSOG

SECTION: BUSINESS

LENGTH: 617 words

In a further sign of the struggling economy, the developers of the upscale Trump International Hotel & Tower Waikiki have been hit by two lawsuits by buyers wanting to get out of their purchases.

The first suit, filed in state Circuit Court yesterday morning on behalf of 11 Mainland and local buyers, alleged that California-based Irongate Capital misled buyers by describing mega dealmaker Donald Trump in its press releases as a co-developer of the 464-room condotel even though he is only licensing his name to the project.

A separate lawsuit, which was filed in Honolulu federal court about an hour after the first, nine other buyers accused Irongate of defrauding buyers by misleading them about who is going to manage the rentals of condotel units to tourists.

Promotional material stated that rentals are supposed to be managed by a third party when Irongate "will, in fact, control and administer the rental program."

"These suits are a function of the times," said Robert Hastings, president of the local real estate appraisal firm of Hastings, Conboy, Braig & Associates.

"And there will be other litigation like this."

Irongate said the allegations were groundless.

"A small group of individuals filed suit today. We believe that all of the claims are without merit and we intend to vigorously defend ourselves," Irongate said in a news release.

"Furthermore, we intend to pursue all of our own claims against these individuals. The vast majority of buyers are moving towards closing and are looking forward to their first visit to Trump Tower Waikiki Beach Walk later this year."

Scheduled for completion in September, the Trump Waikiki is one of the most expensive residential projects ever built in Hawai'i.

Irongate locked in sales for all 464 units for a total of \$700 million in November 2006, in what the developers then described as the largest-ever one-day sale in real estate history.

Many of those buyers put down 20 percent deposits - or roughly \$90,000 to \$1 million - to secure their units.

The federal court lawsuit, which was filed by local attorney John Perkin, said that promotional material for Trump Waikiki stated that buyers could "obtain optimum rental income and occupancy" through the hotel owner's management of their apartment units.

But in reality, buyers were relegated "passive investors" whose returns would be wholly dependent on the developer, the suit claimed.

The suit also alleged that Irongate also controls the Trump Waikiki's parking facilities, its spa, its commercial units as well as the board of its condominium association, "thus locking in its control of the hotel units and the entire property."

Warren Price, who filed the Circuit Court lawsuit, said his clients just want their deposits back.

Price said his clients aren't suffering from buyer's remorse, but are worried that Trump may terminate Irongate's license to use his name on the project, diminishing the value of their investments.

Details over how Trump or Irongate can terminate the license agreement were not disclosed to buyers, he said.

Price added that Trump and Irongate are in litigation over a similar licensing agreement for a hotel project that was being built in Baja Mexico. According to the Los Angeles Times, Trump sued Irongate in U.S. District Court in New York over the troubled project, which is called the Trump Ocean Resort Baja Mexico.

"If this (termination) were to occur, our clients' investment in a one-of-a-kind Trump project would instantly turn into an investment in just another Brand X condo/hotel in Waikiki that is not on the beach - which was not the investment our clients intended to make," Price said.

Reach Rick Daysog at 525-8064 or rdaysog@honoluluadvertiser.com.

Citation #22

Los Angeles Times

February 14, 1994, Monday, Orange County Edition

THE DONALD MAY ONCE AGAIN HOLD TRUMP CARD;
FINANCE: HIGH-FLYING '80S POSTER BOY, WHO LOOKED LIKE A
GLOSSY DEADBEAT FOR AWHILE, SEEMS TO BE ENJOYING A
FINANCIAL RESURRECTION.

BYLINE: By MARY BETH SHERIDAN, ASSOCIATED PRESS

SECTION: Business; Part D; Page 6; Column 3; Financial Desk

LENGTH: 1562 words

DATELINE: NEW YORK

Is The Donald back?

Picture this: Donald Trump, surrounded by well-wishers, plunges a knife into a large gray-frosted cake shaped like a hunk of Manhattan's elevated West Side Highway. The party last year celebrated city approval of his planned apartment complex near the relocated road.

Fast-forward four months, to Gulfport, Miss., where Trump wants to build a casino. On a steamy July day, dignitaries jam a waterfront party to honor Trump, sipping iced tea, nibbling fried chicken and gazing, awed, at the developer. Moby Solangi, whose company plans to lease land to Trump, later recalled: "We've had the president of Honduras, and the president of Belize, and we got 300 or 400 people. When Trump came, we had 600 or 700."

Trump, the poster boy of the high-flying 1980s who looked like a glossy deadbeat a few years ago, behaves like he's enjoying a financial resurrection.

He is regaining control of his three casinos after they underwent bankruptcy reorganization. He is snapping up Palm Beach real estate for a luxurious club. Within months, the man who brought you the Trump Tower probably will introduce another namesake: the Trump Stock.

"The business is doing so well. People perceive it as this great comeback," Trump, 47, said in an interview at his Trump Tower offices, decorated with pictures of Trump casinos and magazine covers of Trump.

A peek behind the curtain of Trump hyperbole suggests a different story. Two of his casinos lost money for much of last year, and they still carry enormous debt. Bankers and some bondholders have lost tens of millions of dollars in Trump's ventures. It's unclear whether Trump himself has enough money for a major new project, although he claims otherwise.

Yet, Trump deals on.

How does he do it? Strong financial markets, a recent improvement at his casinos, and Trump's own perseverance are some reasons.

But the most important may be the Trump name. Like J.P. Morgan or John D. Rockefeller, Trump has transformed his name into a symbol of success -- a myth that transcends the rockier reality. Even as his backers have experienced the Mr. Toad's Wild Ride of investing, Trump has maintained a mystique.

"He has a name that is really magic in the marketing world," said Richard Kahan, an urban development expert who agreed to support Trump's Manhattan apartment development.

Some of Trump's latest activities:

- * He is expected to offer stock in his casinos over the next three to four months. Securities analysts say Trump may raise tens or even hundreds of millions -- though some estimate that the casinos aren't worth more than their debt.

- * Governments in Gulfport, Miss., and Gary, Ind., are supporting Trump's casino projects -- even though Trump said he won't use his cash. "It just would be foolish to do that," he said. "If you have a good project, the bondholders like Trump."

- * Community groups are teaming with Trump to support his 5,700-apartment project in New York. Trump is planning a novel way to guarantee financing: ask Uncle Sam.

Trump is proceeding even though he apparently didn't have enough money to pay New York taxes on the apartment property over the past year. He owes \$6 million in taxes and \$700,000 in interest dating to January, 1993, said city Finance Department spokesman Joe Dunn. Trump said he has reached a repayment accord. Dunn said there is no accord yet.

Only two years ago, Trump looked financially humiliated. His property empire built on borrowed money was devastated by the recession and the real estate market collapse. His Atlantic City casinos and elegant Plaza Hotel in New York all sought bankruptcy protection.

Facing enormous debts, Trump surrendered properties ranging from his Trump Shuttle airline to his yacht -- featuring a bedroom with a tortoise-shell ceiling and solid onyx shower.

"The fact is, I had 15 incredible years, and then the world went into a depression, plus I probably wasn't working as hard or focusing as much as I was before, in all fairness," Trump said.

"I realized I now had to focus totally and exclusively on this. I did. And it just worked out great."

For him, maybe. But Trump admits his banks forgave some loans. While he won't say how much, the banks wrote off millions of dollars, judging from his financial documents. Banks may lose even more as they sell Trump properties they took in exchange for loans, one bank source said, speaking on condition of anonymity.

Trump's creditors could have tried to seize his assets. Instead, they bargained, anxious to avoid years of costly litigation and the possible loss of the Trump name, which they felt drew gamblers to Atlantic City.

Trump was forced to relinquish a half-interest in his casino-hotels and in the Plaza hotel to creditors.

Not for long.

In the last year, he reclaimed full control of two casinos and began negotiations on the third. With operating profits up, thanks partly to savvy new casino management, Trump was able to refinance. One casino, the Trump Plaza, actually assumed an extra \$50 million in debt so Trump could pay some personal debts and taxes.

But talk of a comeback may be premature. Trump's deals allow him to pay some of his interest in fresh Trump bonds. That may inflate his debt because of how the bonds are structured.

For example, \$60 million of the debt on Trump's Plaza will triple by 2001 if he pays the interest with more bonds instead of cash, an analysis by New Jersey's Casino Control Commission shows.

"Whether the bondholders ultimately receive that amount remains to be seen," said Randy Gaulke, a casino analyst at Moody's Investors Service Inc. With interest payments gobbling up would-be profits, two of Trump's casinos were in the red overall for the first nine months of 1993, the latest figures available show.

The casinos showed improvement in the third quarter. But they're not flush enough so that Trump can withdraw enough to fund a new project, creditors and financial analysts say. Trump says it would depend on how big the project would be.

While Trump waved a financial report during an interview, saying he had \$139 million in cash, he later said the sum included the approximately \$127 million cash on hand at his casino companies -- which he can't remove.

As for his other ventures, Trump may still be shrinking. While he owns 51% of the Plaza Hotel, for example, the banks that loaned him money for the deal have taken the

remaining 49% -- and the right to sell the hotel, bankruptcy court records and bank sources say. Trump declined comment.

Trump also was supposed to sell a number of New York condominiums and his half-interest in the Grand Hyatt hotel in Manhattan by the end of 1993, to repay lenders, said a New Jersey Casino Control Commission report last June. Trump says he has worked out a deal with his banks to keep some condos and his Hyatt stake.

Asked how he can plunge into new projects, Trump grew incensed.

"I'm hot on the bond market. The bondholders like Trump," he said.

Trump indeed may find financing for his new projects, if investors eager for double-digit returns continue to pile into his junk bonds, the non-investment-grade IOUs that offer high yields in exchange for high risk.

"Wall Street has a very short memory," said Marvin Roffman, a casino analyst with Roffman Miller Associates in Philadelphia.

Trump also appears to believe a stock offering in his casinos will help him finance new projects. The casinos are groaning under \$1.5 billion in debt, about equal to their value, securities analysts estimate. But Trump may offer two sweeteners: using the stock-sale proceeds to reduce the debt, and throwing in one or more new floating casino deals.

Again, his name helps.

"People certainly know who he is, they see him in the news, they read the books," said Jason Ader, a gaming analyst at Smith Barney Shearson. "There's certainly a market of retail investors who would like that opportunity" to buy Trump stock.

Trump estimates his companies still carry \$3.5 billion in debt -- \$115 million of it guaranteed by him personally.

Trump's deal partners appear unfazed by his financial past.

Local politicians in Gulfport believe a Trump casino will lure cruise ships. Officials in Gary are supporting Trump's efforts to get a license for a floating casino on Lake Michigan.

"I would guess his name would probably be the biggest attraction," said Clark A. Metz, an assistant to Gary's mayor.

With his Riverside South apartments in Manhattan, Trump gave hostile community groups broad power in designing the project. In exchange, they shepherded it through New York's zoning approval labyrinth.

Now, they are seeking federal mortgage insurance to guarantee fresh bonds, said Kahan, who chairs the Riverside South Planning Corp., which oversees the project.

Meanwhile, the \$213-million mortgage on the property came due last June. A Los Angeles-based real estate firm, Colony Capital Inc., is negotiating to buy the mortgage,

said sources close to the deal. Reportedly, the company is offering \$80 million to \$100 million. Trump declined comment.

Trump acknowledges that one of his secrets is sheer bravado.

"I play to people's fantasies," he wrote in his book "The Art of the Deal."

"People may not always think big themselves, but they can still get very excited by those who do. That's why a little hyperbole never hurts."

Citations #24-25

Bloomberg

Trump Entertainment Files for Bankruptcy Protection (Update3)

By Beth Jinks and Dawn McCarty - February 17, 2009 16:17 EST

Feb. 17 (Bloomberg) -- Trump Entertainment Resorts Inc. filed for bankruptcy protection overnight before the casino operator's bondholders could present an involuntary petition.

The Chapter 11 petition, filed days after founder Donald Trump quit the board, listed assets of \$2.06 billion and debt of \$1.74 billion as of Dec. 31, according to the filing today in U.S. Bankruptcy Court in Camden, New Jersey. This is the third time Trump's casinos have sought protection from creditors.

Trump Entertainment owns three casinos in Atlantic City, New Jersey, which saw a record decline in gambling revenue last year amid the recession and competition from slot machines in neighboring states. The company missed a \$53 million interest payment at the start of December, and an extended grace period to make a defaulted coupon payment was to end today.

"The fixed-income community has been expecting a debt restructuring here for some time due to the woes of Atlantic City and the high leverage of the company's capital structure," Dennis Farrell, a debt analyst with Wachovia Capital Markets LLC in Charlotte, North Carolina, said today in a phone interview.

Bondholders "indicated they are preparing to file an involuntary petition" for Chapter 11, according to today's court filing. Trump Entertainment has reported profit in just three quarters since emerging from bankruptcy in May 2005.

Purchase Offer

Donald Trump quit the company's board on Feb. 13, saying he disagreed with bondholders' decisions, including their rejection of a buyout offer he made.

Trump, 62, is a real estate developer and stars in the television show "The Apprentice." Trump controls 24 percent of Trump Entertainment's stock, according to today's filing. His daughter, Ivanka Trump, also quit the board last week.

Trump Entertainment dropped 5 cents, or 22 percent, to 18 cents at 3:59 p.m. in Nasdaq Stock Market composite trading. Before today, the shares advanced 35 percent this year.

The company's market value tumbled to \$7.3 million through Feb. 13 from its peak at \$842 million in August 2005. Donald Trump, Morgan Stanley, Franklin Mutual

Advisors LLC, and Sam Chang are listed as Trump Entertainment's biggest shareholders in today's petition.

Marina Sale

The company owns the Trump Taj Mahal Casino Resort, the Trump Plaza Hotel and Casino, and the Trump Marina Hotel Casino. Trump Entertainment affirmed in today's filing it plans to complete the sale of Trump Marina to Richard T. Fields' Coastal Marina LLC in May.

The company's 8.5 percent notes due June 2015 traded at 11 cents on the dollar, according to Trace, the bond-pricing system of the Financial Industry Regulatory Authority.

Trump Entertainment is represented by Michael Walsh of Weil, Gotshal & Manges LLP, who represented bondholders in the company's 2004 bankruptcy reorganization.

Trump Entertainment's local counsel is Charles Stanziale, from McCarter & English LLP in Newark, New Jersey.

Trump Entertainment will ask the Federal court in Camden tomorrow to allow the company to continue paying utilities and salaries, Stanziale said today in a telephone interview.

Another hearing is set for Feb. 19 to ask the court 'to approve an agreement between the lenders and the company to continue to fund its operations, he said.

"We're not asking for additional monies; we're just asking for the use of the monies that are already" available, said Stanziale.

Creditors

The 20 largest creditors without collateral backing their claims are owed about \$1.32 billion, according to court papers. U.S. Bank National Association, as trustee for bondholders, is listed as the largest unsecured creditor with a claim of \$1.31 billion.

Other unsecured creditors include Bovis Lend Lease Inc., with a claim of \$7.47 million; Thermal Energy Limited 1, with a claim of \$1.86 million; Hess Corp., with a claim of \$1.36 million; and Casino Control Fund, with a claim of \$1.15 million.

Gambling revenue in Atlantic City fell a record 7.6 percent in 2008, its second annual decline, amid the recession and slot-machine competition from Pennsylvania and New York.

Trump Entertainment said Dec. 1 it would skip its interest payment to conserve cash and hold talks with lenders on restructuring its finances. Holders of most of the company's \$1.25 billion in notes and Beal Bank Nevada, which is owed \$490 million, agreed not to exercise default rights for interest or principal payments until 9 a.m. New York time today, a target they had extended four times.

Beal Bank Loan

In December 2007, the company received a \$500 million loan from Beal Bank Nevada, a Las Vegas-based affiliate of Dallas-based Beal Bank.

Merrill Lynch & Co. was hired in 2007 to find a buyer for the company, without success.

Trump Entertainment emerged from bankruptcy 3 1/2 years ago. Its predecessor, Trump Hotels & Casino Resorts Inc., sought court protection in November 2004. It had lost money for nine years because of high interest payments that Trump claimed prevented the company from refurbishing and expanding its casinos. The three casino resorts also went through bankruptcy in the 1990s.

The case is *In re TCI 2 Holdings LLC*, 09-13654, U.S. Bankruptcy Court, District of New Jersey (Camden).

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Citations #28, 30

The International Herald Tribune

December 5, 2008 Friday

Trump suits sheds light on his deals

BYLINE: Floyd Norris - The New York Times Media Group

SECTION: FINANCE; Pg. 12

LENGTH: 963 words

DATELINE: NEW YORK

Guess who is complaining that condominiums in Donald Trump's latest big project are ridiculously overpriced.

Donald Trump is.

But he isn't cutting the prices. He says the banks won't let him.

The project is the Trump International Hotel and Tower in Chicago, which is to be the second-tallest building in that city after the Sears Tower. By Trump's account, sales were going great until "the real estate market in Chicago suffered a severe downturn" and the bankers made it worse by "creating the current financial crisis."

Those assertions are made in a fascinating lawsuit filed by Trump, the real estate developer, television personality and best-selling author, in an effort to get out of paying \$40 million that he personally guaranteed on a construction loan that Deutsche Bank says is due and payable.

Rather than his having to pay the \$40 million, Trump thinks the bank should pay him \$3 billion for damaging his reputation.

He points to a "force majeure" clause in the lending agreement that allows the borrower to delay completion of the building if construction is delayed by things like riots, floods or strikes. That clause has a catchall section covering "any other event or circumstance not within the reasonable control of the borrower," and Trump figures that lets him out, even though construction is continuing.

"Would you consider the biggest depression we have had in this country since 1929 to be such an event? I would," he asked, adding, "A depression is not within the control of the borrower."

He wants a state judge in New York to order the bank to delay efforts to collect the loan until "a reasonable time" after the financial crisis ends.

Deutsche Bank thinks the idea that an economic downturn should free people from the obligation to pay their debts is laughable.

Trump, it may be noted, does not want everyone to be treated in the same way. When I asked him if he would let remorseful buyers walk away from contracts to buy condominiums at pre-depression prices, he said he would not. "They don't have a force majeure clause," he explained.

The suit and a parallel one by Deutsche Bank seeking the money provide a glimpse into both how Trump does business and into the way the real estate loan market was operating in 2005, when the loan was made.

For this big project, built on the site of the old Chicago Sun-Times building, it appears from the court papers that Trump put in little of his own money. He got a construction loan for as much as \$640 million from a syndicate headed by Deutsche Bank, and a \$130 million junior loan from another syndicate.

The people who negotiated the construction loan did not think real estate prices could tumble. The loan agreement requires partial repayment each time an apartment is sold and provides a detailed list of the minimum prices to be charged.

According to Trump's suit, he cannot cut prices without the unanimous consent of the lenders, and that has not been forthcoming. There are a lot of lenders in the deal, and some of them appear to be banks and hedge funds that are no longer in good shape.

The loan was due Nov. 7, and the lenders did not grant a requested extension. Trump filed his suit just before that deadline.

Trump sees a dark conspiracy. He says Deutsche Bank, through a subsidiary, owns \$30 million of the junior loan, and says that is a blatant conflict of interest because in some cases the interests of the two loans can differ. To Trump, the bank's actions suggest it is trying to seize the building just before its great success is assured.

The bank responds that the loan agreement makes clear it has a right to do everything it has done and that Trump should live up to his obligations, paying \$40 million of the \$334 million it says is owed since the loan came due. The rest is owed by the Trump-controlled company sponsoring the project, but is not personally guaranteed by him.

Some sort of settlement seems wise. It is in everyone's interest that construction be completed, and in fact the bank advanced \$13 million to pay contractors' bills this week.

Trump has not said by how much he thinks the apartments are overpriced, and he did not tell me. But it seems unlikely that sales will be very good until prices are cut.

In his suit, Trump claims the bank's "predatory lending practices" are harming his reputation, "which is associated worldwide with on-time under-budget first-class construction projects and first-class luxury hotel operations."

The bank seized on the opportunity to discuss Trump's reputation. "Trump is no stranger to overdue debt," it said in asking that his suit be thrown out of court. It noted that Trump's casino operations had filed for bankruptcy twice.

The Friday after Thanksgiving was not a really good one for Trump. Trump Entertainment Resorts, the casino company, announced it would miss an interest payment on its bonds, raising the likelihood of a third bankruptcy. Most of the shares are publicly owned, having been distributed to creditors in the previous bankruptcy. They have fallen from a peak of \$23.80 two years ago to about 25 cents now.

On the same day, in New York, Deutsche Bank asked a judge to issue a summary judgment requiring Trump to pay the \$40 million.

In that filing, the bank quoted from a best-selling book Trump wrote last year, "Think Big and Kick Ass in Business and in Life." In it, the developer said he loved "to crush the other side and take the benefits" and mocked the banks that had lost money on loans made to him before another real estate downturn, in the 1990's:

"I figured it was the banks' problem, not mine."

If Trump manages to persuade a judge that the current crisis provides him with a good reason not to meet his obligations, he will have some great tales to tell in his next book.

Citation #29

The Australian

March 29, 2012 Thursday
1 - All-round Country Edition

Trump back in the ring and ready for risk

BYLINE: ROBBIE WHELAN, ELIOT BROWN, DEALS

SECTION: FEATURES; Pg. 32

LENGTH: 895 words

He is focusing on what he knows best: resorts and golf courses

DONALD Trump's appetite for real estate risk has returned.

The developer, who became more risk-averse after getting clobbered in the early 1990s, largely avoided the carnage of the latest downturn by mostly limiting his deal-making during the boom years to licensing the Trump name to other developers.

But earlier this year he closed on a \$US150 million (\$143.8m) purchase of the Doral Golf Resort and Spa, taking it out of a bankruptcy proceeding.

And a venture of Mr Trump and Colony Capital plans to invest about \$US200m to convert the historic Old Post Office building in Washington into a hotel.

Now Mr Trump is placing a new bet. He is doubling-down on the Trump International Hotel and Tower, Chicago, the second-tallest building in the city.

Mr Trump paid \$US48m earlier this month to buy out junior creditors led by Fortress Investment Group on the 92-storey hotel and condominium tower, according to people familiar with the matter. The Fortress group's debt, which could have turned into a big headache for Mr Trump, was originally about \$US130m.

The Chicago property was one of Mr Trump's few exceptions to his avoid-risk rule during the boom years. He sank about \$US73m of his own money into the tower, which opened in 2008.

The latest deal represents a vote of confidence by Mr Trump in the project, which has been hurt by weak hotel-condo sales and falling prices, and caused years of friction between Mr Trump and lenders.

He is betting that demand for high-end Chicago condos priced at more than \$US1m each will rebound strongly.

Recent deals include the purchase of a \$US2.8m unit in the building by Chicago Bulls basketball star Derrick Rose.

It is far from clear whether Mr Trump ultimately will make any money on his investment.

“Call me in five years,” Mr Trump said yesterday.

He added: “I view my prior investment as a sunk cost.”

Buyers had closed on 337 of the Trump Chicago's 486 residential condos, or about 69 per cent of the building's inventory, at the end of last year, according to Appraisal Research Counsellors.

The building also has 339 hotel-condo units, which are sold to investors and double as hotel rooms when the owner isn't there.

Only 159 of these were sold at the end of last year.

Mr Trump is raising his bet at a time when he is putting more of his own money into projects after limiting his involvement in real estate developments for years.

The strategy enabled Mr Trump to stockpile cash from licensing fees, management contracts and from his popular reality-TV series The Apprentice.

Earlier this year, Mr Trump and his daughter Ivanka, the Trump Organisation's executive vice-president for development and acquisitions, bought the Florida-based Doral golf course for \$US150m. The company plans to invest \$US150m to \$US200m more to renovate its 700-room hotel and five professional golf courses.

By ramping up his deal-making, Mr Trump is joining investors who believe that real estate offers the prospect of better returns than competing investments such as stocks or bonds. He is focusing on assets he knows best -- such as resorts and golf courses -- and especially when he is buying assets out of bankruptcy or other distressed situations.

Also, like other investors who want to buy real estate, Mr Trump has no choice but to put in his own equity because there is little credit available or it is too expensive.

When he started out in real estate, Mr Trump was one of the biggest risk-takers in the business. But he learned a painful lesson during the recession of the early 1990s when he was unable to pay hundreds of millions of dollars worth of debt. He engineered a comeback but with less of an appetite for such high risk.

He deviated from this strategy with just a few projects, most notably the Chicago tower, which broke ground in 2004 near the height of the housing boom and cost about \$US850m to construct.

With easy credit available, Mr Trump loaded the project up with a \$US640m construction loan from Deutsche Bank and \$US130m of junior debt originated by Fortress.

Both firms later sold most of these loans to other investors.

The project initially looked like a success. Mr Trump raised asking prices on the residential condos and started paying down loans. But after the recession hit, condo sales slowed, leaving Mr Trump without enough cash to pay the \$US334m balance on his construction loan when it matured in late 2008. Mr Trump and Deutsche Bank traded lawsuits before the bank in 2009 agreed to extend the term of the loan -- which currently has a balance of about \$US125m -- until the end of July next year.

But that still left the problem of the loan from the Fortress group, which was steadily growing as it accrued interest. Given the decline in condo sales and prices, it became increasingly clear that Mr Trump would have a difficult time paying it back when it came due in about three years. Failure to do so would have put the project at risk of foreclosure.

Mr Trump's deal to buy that junior debt hits Fortress with a loss but leaves the Chicago tower with a much more manageable amount of debt.

Brokers say the downtown in the Chicago condo market is improving. But the Trump project faces competition from other new developments. There are 2400 condos on the market, which will take two to three years to sell, according to Appraisal Research.

Citation #35

South Florida Business Journal

April 7, 2011 Thursday

Deal on Trump units: Less than \$1M each

LENGTH: 139 words

BH III followed up on its purchase of the mortgage on 175 units at Trump Hollywood with an uncontested bid of \$100 to take title. BH III reportedly paid \$160 million to purchase the loan from HSBC Realty.

The price works out to an average of \$914,285 a unit, compared with listed prices of \$933,900 to \$2.87 million on Sunny Realty's website.

The online auction followed Miami-based Related Group's previously announced plan to turn over the 175 unsold units in the beachfront tower to BH III. To clear out any liens on the property, the process is being done through an uncontested foreclosure lawsuit.

According to the judgment, the \$226.6 million mortgage from 2007 had \$169.4 million remaining. With interest, it was a \$173.3 million foreclosure judgment against TRG Holiday in favor of Orange Bowl Eastern II, an affiliate of BH III.

Citations #41, 45

The New York Times

May 13, 2011 Friday
Late Edition - Final

Buying a Trump Property, or So They Thought

BYLINE: By MICHAEL BARBARO

SECTION: Section A; Column 0; Metropolitan Desk; Pg. 1

LENGTH: 2691 words

For many middle-class Americans, it is the most coveted brand in real estate, synonymous with sky-piercing luxury and can't-miss quality: Donald J. Trump.

Far from the New York City towers that bear his name, in cities like Tampa, Fla., and Philadelphia, house hunters clamor to buy into his developments, sometimes exhausting credit lines and wiping out savings for a chance to own a piece of his gilded empire.

But as Mr. Trump, who is weighing a bid for the White House, has zealously sought to cash in on his name, he has entered into arrangements that home buyers describe as deliberately deceptive -- designed, they said, to exploit the very thing that drew them to his buildings: their faith in him.

Over the last few years, according to interviews and hundreds of pages of court documents, the real estate mogul has aggressively marketed several luxury high-rises as "Trump properties" or "signature Trump" buildings, with names like Trump Tower and Trump International -- even making appearances at the properties to woo buyers. The strong indication of his involvement as a developer generated waves of media attention and commanded premium prices.

But when three of the planned buildings encountered financial trouble, it became clear that Mr. Trump had essentially rented his name to the developments and had no responsibility for their outcomes, according to buyers. In each case, he yanked his name off the projects, which were never completed. The buyers lost millions of dollars in deposits even as Mr. Trump pocketed hefty license fees.

Those who bought the apartments in part because of the Trump name were livid, saying they felt a profound sense of betrayal, and more than 300 of them are now suing Mr. Trump or his company.

"The last thing you ever expect is that somebody you revere will mislead you," said Alex Davis, 38, who bought a \$500,000 unit in Trump International Hotel and Tower Fort Lauderdale, a waterfront property that Mr. Trump described in marketing materials as "my latest development" and compared to the Trump tower on Central Park in Manhattan.

"There was no disclaimer that he was not the developer," Mr. Davis said. The building, where construction was halted when a major lender ran out of money in 2009, sits empty and unfinished, the outlines of a giant Trump sign, removed long ago, still faintly visible.

Mr. Davis is unable to recover any of his \$100,000 deposit -- half of which the developer used for construction costs.

Another casualty: his admiration for Mr. Trump, whose books and television show Mr. Davis had devoured. "I bought into an idea of him," he said, "and it wasn't what I thought it was."

Alan Garten, a lawyer for Mr. Trump's company, said that, regardless of what Mr. Trump himself or any marketing materials had suggested, his role was disclosed in lengthy purchasing documents that buyers should have carefully scrutinized. But in an interview, Mr. Garten acknowledged that, "without a lawyer, it can be difficult" to understand such documents. He suggested that the housing market collapse, not Mr. Trump, was the cause of their troubles.

"They are people who lost money and are looking for somebody to blame," Mr. Garten said.

Mr. Trump's Midas touch as a businessman, sometimes real, other times perceived, is central to his presidential aspirations, which have become increasingly hard for Republicans to ignore, even as some of them cringe at his blunt remarks and boastfulness. In the next month, he is scheduled to visit two key primary-season states, South Carolina and Iowa, as he further tests the waters. "I have made myself very rich," he said recently, sitting in his palatial suite at the Trump International Hotel in Las Vegas. "And I would make this country very rich."

But regardless of whether Mr. Trump ultimately seeks the presidency, his attempt to promote himself as a savvy financial manager who can lead America out of its economic rut is bringing new scrutiny to his own business practices.

Despite high-profile stumbles, like the bankruptcy of Atlantic City casinos bearing his name, Mr. Trump has nurtured plenty of successful projects, in real estate and beyond: memberships to his golf clubs sell briskly, his men's suits are a hit at Macy's, and his NBC series, "The Apprentice," is a ratings smash. Mr. Trump, in an interview, said the show had earned him well over \$100 million.

Yet in recent years, as his brand has experienced an "Apprentice"-fueled resurgence, it appears that Mr. Trump, 64, has taken an expansive approach to putting his name on products big and small. There are Trump mattresses, Trump ties, Trump video games, Trump bottled water and Trump chocolates (designed to resemble bars of gold, silver and copper.)

But it is Mr. Trump's real estate and education products that have enticed many Americans to invest life savings and dreams of quick riches. And it is with these products, according to a string of lawsuits and complaints filed around the country, that Mr. Trump has disappointed his fans most deeply.

Opening a 'University'

As the American housing market climbed toward its peak, in 2005, Mr. Trump opened a for-profit school, called Trump University, to impart his wisdom about real estate and moneymaking to the general public.

In marketing materials, he promised students that his handpicked team of instructors would "teach you better than the best business school," according to the transcript of a Web video. The same year, Mr. Trump licensed his name to an affiliated program, called the Trump Institute, which offered similar classes.

Dozens of complaints about both schools have rolled into the offices of attorneys general in Florida, Texas, New York and Illinois, officials said. And last year, the Better Business Bureau gave Trump University a D-minus, the second-lowest grade on its scale, after it fielded 23 complaints.

A lawsuit filed in 2010 by four dissatisfied former students, who are seeking class-action status, accuses Trump University of offering classes that amounted to extended "infomercials," "selling nonaccredited products," and "taking advantage of these troubled economic times to prey on consumers' fears."

According to the court papers, the university used high-pressure sales tactics to enroll students in classes that cost up to \$35,000, at times encouraging them to raise their credit card limits to pay for them. It promised intensive one-on-one instruction that often failed to materialize. And its mentors recommended investments from which they stood to profit.

"It was almost completely worthless," said Jeffrey Tufenkian, 49, who along with his wife, Sona, enrolled in a \$35,000 "Gold Elite" class at Trump University to jump-start a career in real estate.

Mr. Tufenkian, who lives in Portland, Ore., was especially drawn to what Trump University described as a year-long mentorship. But he said that it amounted to a real estate expert from California taking him on a tour of homes in Portland that he could have seen on his own, for free.

At one point, he said, the mentor suggested an educational trip to Home Depot, an idea he found comical; at another, he said, the mentor recommended a sales technique (selling the option to buy a house), that several lawyers later told Mr. Tufenkian he was ineligible to perform because he lacked a real estate license. He recalled how, during a much cheaper Trump class on foreclosure, he and his wife were encouraged by instructors to raise their credit card limits, ostensibly in anticipation of investing in real estate, only to have the accounts maxed out with the purchase of the next \$35,000 class, a charge mirrored in the lawsuit. The fee, and the resulting credit card interest payments, have wiped out much of the couple's savings. Mr. Tufenkian's requests for a refund have been rejected.

"You can understand how a business makes mistakes," he said, "but a proper business will do what it takes to make it right. Trump University has no interest in taking care of its customers."

George Sorial, a managing director and lawyer at the Trump Organization, the company that oversees Mr. Trump's various businesses, said that the school had a "very generous" refund policy -- and that less than two percent of students ask for their money back.

Mr. Sorial called claims that instructors took students on tours of Home Depot and asked students to raise their credit limits "ridiculous" and "unsubstantiated." He said mentors were prohibited from profiting from their advice. According to student evaluations, he said, Trump University has a 97 percent customer satisfaction rate with its 11,000 paying students around the country.

"I guarantee that if you went out and surveyed Harvard grads, you would find some who are not happy. It's inevitable," he said. "You cannot look at the exception to the rule."

Students said the evaluations must be put into context: they were told to fill them out using their names, often in the presence of the instructors they were assessing. Mr. Tufenkian, for example, said he gave high marks to the program after his mentor told him he would not leave until Mr. Tufenkian did so. "I had to fill it out right in front of him," Mr. Tufenkian said.

The school has repeatedly sought to use such evaluations to raise questions about the credibility of unhappy former students. After Tarla Makaëff, who spent about \$37,000 on Trump classes, joined the lawsuit against the school, the company released raw footage of a Trump University videographer approaching her in a hotel conference room, asking her to assess the program and her mentors. On the video, her mentors can be seen standing beside her, clearly within earshot. While warning that "we just got started," Ms. Makaëff, 37, calls the mentors "great" and "awesome."

In retrospect, Ms. Makaëff said, university employees "were trying to cover themselves," by putting her on tape. Trump University is now suing her for defamation, seeking at least \$1 million in damages for her public criticism of the school in letters, e-mail and online. "That just shows you how low they will go to silence people," Ms. Makaëff said.

The school's troubles are intensifying. Last year, the Texas attorney general, Greg Abbott, opened a civil investigation into Trump University's practices. Since then, the company has agreed not to operate in Texas indefinitely, said Thomas Kelley, a spokesman for the attorney general. (Mr. Sorial said there was no formal agreement.)

And last March, New York state officials demanded that Trump University change its name, saying its use of the word university "is misleading and violates New York education law," joining Maryland, which issued a similar warning in 2008.

The school has since changed its name to the Trump Entrepreneur Initiative, but has not held a new class in seven months as it reworks its curriculum. "It's on hiatus," Mr. Trump said in an interview.

The Trump Institute, meanwhile, shut down in 2009. "It doesn't meet our standards," Mr. Sorial said. "Our standards are very high."

Selling the Name

Even as his empire has expanded into reality television and the clothing aisle, Mr. Trump remains, at least in the public imagination, primarily a real estate developer.

But to a remarkable degree over the last five years, Mr. Trump has retreated from that role, becoming, instead, a highly-paid licensor, who leases his five-letter brand name to other developers in Toronto, Honolulu, Dubai and even his own backyard, New York City.

The arrangements allowed Mr. Trump, who is notoriously competitive, to remain a player in the world of big-city builders without risking his own money -- a prospect that seemed especially appealing as the economy began to crater.

"When things got over-inflated in the world," Mr. Trump's son Donald Jr., said in an interview, "we removed ourselves from the ground-up development world, where we are risking a lot more."

"We switched more to a license model," he said, describing several of the projects, including the Honolulu building, as "big successes."

However it was that kind of license deal -- in places like Baja California, Mexico, and in Tampa and Fort Lauderdale, Fla. -- that led to disappointment and anger among those seeking to buy a home carrying the Trump name, according to the lawsuits.

John Robbins, 62, a retired lieutenant colonel in the United States Army who is among those suing Mr. Trump, recalled being dazzled by the amenities available in the nearly 2,000-square-foot apartment that he and his wife, Rosanna, bought six years ago at the Trump Tower Tampa: granite countertops, sweeping views of the Tampa Bay, and room service from a high-end ground-floor restaurant.

The most important amenity of all, though, was the name on the side of the building. "With the Trump name," Mr. Robbins said of his \$756,000 unit, "we thought it would be a quality building and address."

The marketing materials left little doubt that Mr. Trump was a driving force behind the 52-story tower: "We are developing a signature landmark property," Mr. Trump declared in a news release unveiling it, which described him as a partner. In a marketing video, Mr. Trump called it "my first project on the Gulf of Mexico," and even showed up to mingle with potential buyers at a lavish, catered event. "I love to build buildings," Mr. Robbins recalled Mr. Trump telling the audience.

A confidential agreement, later made public in court filings, told a different story: Mr. Trump was not one of the developers or builders. For \$4 million, plus a share of any profits, he had licensed his name. As for the mingling with buyers? He was required to do it, up to two times, in the agreement, which spelled out that the appearances last "for no more than six (6) working hours each."

According to the document, the very existence of the license agreement was to be kept confidential. And it remained that way, buyers said, long after they bought their units.

"If at any point I had known this, I would have walked away," said Mr. Robbins, who put down a deposit of about \$150,000 -- half of which, under Florida law, the developer could use for construction costs.

A similar situation unfolded in Baja, where Mr. Trump licensed his name to another glamorous-sounding waterfront property: the Trump Ocean Resort Baja.

As financing for the building froze in 2008 and the developer missed key deadlines, Mr. Trump exercised his right to terminate the license agreement and remove his name. According to a lawsuit, the partners behind the deal burned through \$32 million worth of buyer deposits, even though little, if any, construction was done.

One of the buyers suing Mr. Trump, Donald Isbell, said he has lain awake countless nights trying to figure out how he erred. He has lost his entire deposit of \$147,000. "I have come to the conclusion," he said, "that what I did wrong was to trust Donald Trump."

Mr. Trump and his advisers seem unapologetic about how they handled the three deals. Asked, in a deposition with lawyers for the Tampa buyers, if he would be responsible for any shoddy construction, Mr. Trump replied that he had "no liability," and said that he was unsure whether his licensing arrangements were disclosed to buyers. Pressed during the deposition as to why he did not return his license fee after the development fell apart, Mr. Trump replied: "Well, because I had no obligation to the people that signed me to give it back."

But what has most galled people like Mr. Robbins, who sank much of their life savings into their dream homes, was Mr. Trump's suggestion that the collapse of the project was a blessing -- because it had allowed buyers to avoid the housing crash and the resulting plunge in home values.

"They were better off losing their deposit," Mr. Trump said.

"Better off?" asked Mr. Robbins, who lost \$75,600, the half of his deposit spent on construction. "No. I would be better off if he had been truthful and honest with us from the beginning. I would be better off if he returned my deposit.

"But he will never do that. He is looking out for Donald Trump and the dollar."

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Trump sues developers of failed tower

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He says they stopped settlement payments.

By SHANNON BEHNKEN

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TAMPA - The developers of the failed Trump Tower Tampa just can't shake The Donald.

Their dream to build the 52-story downtown luxury condominium along the Hillsborough River died years ago, but their legal troubles live on.

Now, Donald Trump has sued four of the principals in the development company, SimDag/Robel LLC. Trump sued the group in 2007 for unpaid fees and for not completing the tower.

A settlement agreement was reached in that case, but the defendants have stopped making payments, according to a suit filed Thursday in U.S. District Court in Tampa.

"It's our effort to recover what the defendants have already agreed to pay," said Trump's attorney, Chris Griffin, of Foley & Lardner. "It's really that simple."

Parties named in the suit are Frank Dagostino, Robert Lyons, Patrick Sheppard and Jody Simon. Each, according to the suit, owes Trump \$13,448. With fees that continue to accrue, Trump wants each of them to pay nearly \$63,500 plus attorney costs.

Efforts to reach the defendants for comments were unsuccessful.

Trump Tower was announced in early 2005 and quickly attracted buyers and publicity. The developer, however, wasn't able to get financing for the \$300 million tower. Also, it was determined that the soil at the site was unstable, and some buyers backed out.

This suit is just the latest in the Trump Tower saga. Last month, 30 individuals and companies filed a joint lawsuit against The Trump Organization and Donald Trump,

saying they were duped into thinking Trump was building the tower. Later, they found out he had only licensed his name.

Meanwhile, the waterfront land is vacant. SimDag filed for Chapter 11 bankruptcy protection. The land fell into foreclosure, and Colonial Bank, which financed part of the project, ended up taking it back in July.

Reporter Shannon Behnken can be reached at (813) 259-7804.

Photo Credit: The Trump Organization

Photo: The planned \$300 million, 52-story Trump Tower Tampa luxury condominium along the Hillsborough River never got off the ground. Developer SimDag/Robel LLC could not get financing and filed for bankruptcy. Also, the soil was found to be unstable.

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Ex-Trump Tower land sold for \$5M

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Downtown property bought by Brownstone Tampa Partners

BY SHANNON BEHNKEN

The Tampa Tribune

TAMPA There may never be a Trump Tower Tampa, but the downtown riverfront property known by that name may finally become home to something other than parched dirt and tall weeds.

The high-profile land, which includes the CapTrust Building, sold to a local development group for \$5 million.

That's a bargain from the \$16 million paid in 2004 by the original developer for the failed condo tower.

The new owner is Brownstone Tampa Partners, an investment partnership of O,R&L Facility Services, Owens Realty Network and Community Reinvestment Partners II, LP, a joint venture investment fund of Forge Capital Partners, LLC and DeBartolo Development, LLC.

Previously slated as a 52-story luxury condominium complex, the site is the only undeveloped parcel in the downtown core located on the Hillsborough River.

"The commercial real estate market continues to show signs of recovery with the multi-family sector leading the way and demand for retail and office space gradually increasing," said Edward Kobel, president and CEO of DeBartolo Development. "The nature of this project, with an existing revenue-producing, multi-tenant office building and an adjacent, highly-prized development parcel, affords us the opportunity to let the market come to us."

The land has been in limbo for nearly two years, ever since Colonial Bank foreclosed in July 2009. The bank attempted to sell the site at a foreclosure auction at the courthouse but ended up taking it back.

The foreclosure ended dreams of a 52-story tower and brought to a close another chapter for investors and buyers who sank money into the failed project.

Tampa's SimDag/Robel LLC announced the project in early 2005, but the economy tanked and the developer wasn't able to get financing for the \$300 million tower.

The developer prepped the land for construction but never started vertical construction.

Trump sold rights to his name for the tower to local developer SimDag LLC. SimDag filed for Chapter 11 bankruptcy and reached a mediated agreement with Trump.

Some buyers have sued Trump, saying they were led to believe he was building the tower and that's why they agreed to purchase.

Meanwhile, immediate plans for the site include completing the Tampa Riverwalk along 350-feet of vacant land and tying into the Brorein Street Bridge underpass currently under construction by the City of Tampa.

Bob Owens, CEO and president of O,R&L Facility Service and a partner in the project, said the CapTrust building is 60 percent leased and he wants to fill it up.

Long-term plans for the vacant land include a mixed-use project of retail, restaurants, office space and hotel, he said.